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May 13, 1999

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

**Re: Notice of Permitted Ex Parte Contact, CC Docket No. 96-98 and CC
Docket No. 99-68 (Intercarrier Compensation for ISP-Bound Calls).**

Dear Ms. Salas:

The purpose of this letter is to advise the Commission of a permitted *ex parte* contact in the above-referenced proceeding. A meeting was held on May 5, 1999, attended by Tamra Preiss and Ed Krachmer of the Common Carrier Bureau, and Mr. Christopher W. Savage and Mr. William J. Rooney, Jr., on behalf of Global NAPS, Inc.

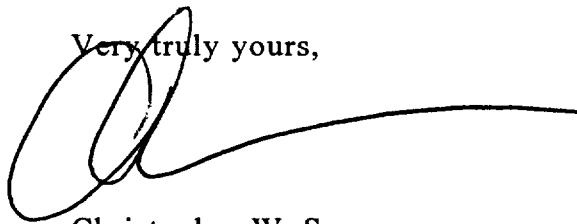
At the meeting, the attendees discussed issues raised in Global NAPS' Comments and Reply Comments in the above-referenced docket. These issues included the economic basis for inter-carrier compensation for ISP-bound calls and the relative merits of using a state-PSC-determined TELRIC call termination rate, as opposed to an FCC-determined interstate local switching rate, as a reasonable "proxy" for CLEC costs of delivering ISP-bound calls to ISPs served by the CLEC. The attendees also discussed the legal theories upon which the Commission might rely in setting rules governing such compensation. The theories discussed were direct Commission action under Section 201(a) (on the theory that ISP-bound traffic is subject to Commission jurisdiction), and/or the promulgation of rules binding on states in their implementation of Section

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251(b)(5), which would be promulgated in light of the Supreme Court's declaration of the scope of the Commission's rulemaking authority under Section 201(b). Finally, the attendees discussed the applicability of Section 252(i) to intercarrier compensation agreements for ISP-bound traffic.

Please contact the undersigned if you have any questions about this matter.

Very truly yours,

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a long, sweeping horizontal line that tapers off to the right.

Christopher W. Savage

cc: Ms. Preiss
Mr. Krachmer